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Property Tax Newsletter

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☐ 2001 Property Tax
Legislation

2001 Property Tax Legislation

The following summary describes 2001 legislative changes that affect real property assessments and taxation. Most of the bills become effective for the 2001 tax year. Note the effective date listed beside each bill number.

HB 1006 **Effective July 1, 2001**

Provides an appropriation for the office of state tax commissioner for the biennium beginning July 1, 2001, and ending June 30, 2003. Includes an appropriation in the amount of \$4,540,813 for paying state reimbursement for the homestead tax credit.

HB 1024 **Effective Aug. 1, 2001**

Creates a new section to chapter 65-02. Provides for a building maintenance account within the workers' compensation fund. Provides that, if the workers compensation bureau builds a building that includes rental space for other state entities, all building rental proceeds shall be deposited in that account. Moneys in the account shall be used to make payments in lieu of taxes on the buildings and grounds, as well as pay other expenses. Includes several provisions not related to property tax.

Implementation is needed because of § 65-02-31, enacted by the 1999 legislature, which provides that if a building and associated real property are purchased by the workers compensation bureau, the

bureau shall make payments in lieu of property taxes in the manner and according to the conditions and procedures that would apply if the building and property were privately owned.

HB 1031 **Effective Jan. 1, 2001**

Repeals a park district's authority to levy a tax to reimburse the general fund for the amount expended to control pests under § 4-33-11(1). Provides that a park district may not establish and maintain an insurance reserve fund. A park district may levy within the general fund for an insurance reserve fund under § 32-12.1-08; for a comprehensive health care program for district employees under § 40-49-12(13); and for conduct and maintenance of a public recreation system under § 40-55-09.

Provides that the "base year" for a park district general fund under § 57-15-01.1(2) includes the amount levied in property taxes for the general fund under § 57-15-12 including any additional levy approved by the electors; the insurance reserve fund under § 32-12.1-08; the employee health care program under § 40-49-12; the public recreation system under § 40-55-09 including any additional levy approved by the electors; forestry purposes under § 57-15-12.1 except any additional levy approved by the electors; pest control under § 4-33-11; and handicapped person programs and activities under § 57-15-60.

Provides that the amount levied for park district general fund purposes, exclusive of bonded debt and special assessment principal and interest, may not exceed the number of mills levied in taxable year 2000 for the general fund under § 57-15-12 including any additional levy approved by the electors; the insurance reserve fund under § 32-12.1-08; the employee health care program under § 40-49-12; the public recreation system under § 40-55-09 including any additional levy approved by the electors; forestry purposes under § 57-15-12.1 except any additional levy approved by the electors; pest control under § 4-33-11; and handicapped person programs and activities under § 57-15-60. A park district may increase its general fund levy to any number of mills approved by the electors up to a maximum levy of 35 mills.

Repeals subsections 2 and 3 of § 57-15-12 that allowed a park district to make an airport levy and an excess levy.

Provides that a city may levy up to 2 mills for forestry activities but a park district forestry levy must be within the general fund levy of the park district. A city or park district may, upon approval of the electors, levy an additional tax for forestry activities not in excess of 3 mills.

Provides that the park district general fund levy limitations do not apply to levying a tax for an employees' pension fund; levying an additional tax approved by the electors for forestry purposes not exceeding 3 mills; and levying a tax for parks and recreational facilities under § 57-15-12.3 in an amount not exceeding 5 mills.

Repeals the authority of a park district to levy a tax outside of the general fund for programs and activities for handicapped persons.

HB 1059 Effective Jan. 1, 2001

Amends subsection 4 of § 57-02-08.1. Provides that an applicant for the homestead property tax credit or the renter's property tax refund may use the standard mileage rate allowed for state officer and employee use of a motor vehicle under § 54-06-09 for calculating the cost of transportation for medical care, for deduction from income as a medical expense.

HB 1135 Effective Jan. 1, 2001

Provides for a county to levy up to 4 mills for comprehensive health care insurance employee benefit programs according to § 52-09-08 as part of the 30-mill maximum levy under § 57-15-06.7(36). Amends § 57-15-28.1(6) to include the limitation in § 57-15-06.7(36).

HB 1141 Effective July 1, 2001

Relates to school district reorganization. With regard to property taxes:

Creates a new section to ch.15.1-12. Provides that a reorganization plan required by § 15.1-12-09 may propose the inclusion of up to 10 mills as a building fund levy. If the reorganization plan is approved by a majority of electors residing within the boundaries of the proposed new district, the building fund levy becomes effective, notwithstanding any other voter approval requirement in § 57-15-16.

Creates a new section to ch. 15.1-12. Provides that if the balance in the interim fund of each district participating in the reorganization is to be wholly allocated to the general fund of the newly reorganized district, the reorganization plan may provide that the general fund mill levy applicable to property in those participating

districts having a general fund levy that is lower than the proposed general fund mill levy for the reorganized district may be raised incrementally, over a period of five years, to the level proposed for the reorganized district.

If the reorganization plan provides that the balance in the interim fund of each district participating in the reorganization is to be partially allocated to the general fund of the newly reorganized district, the bill includes a statutory formula to determine how much each district must contribute. If, after complying with that, a participating district has a balance available in its interim fund, the reorganization plan must allow that balance to be used by or on behalf of property owners residing within the boundaries of that participating district, as a proportionate credit against any property taxes owed by the property owners. The credit may be used either in its entirety on a single occasion or applied to several taxable years, but not beyond the fifth taxable year.

Other provisions of this bill do not affect property tax.

HB 1182 Effective Aug. 1, 2001

Amends § 49-21-01.1. Provides that the provisions of ch. 49-21, relating to telecommunications regulation, do not apply to services or facilities provided by a system or institution of higher education to employees, students, affiliated organizations, and various other users of the institution's facilities. (See statute for more details.) Provides that institutions may not unreasonably restrict access by a telecommunications company to institution facilities, except institutions may limit access to residence halls.

HB 1206 Effective July 1, 2001

Amends § 57-23-06(2). Provides that when the board of county commissioners rejects an application for abatement in whole or in part, a written explanation of the rationale for the decision, signed by the chairman of the board, must be attached to the application and a copy must be mailed to the applicant.

Directs the Legislative Council to study all aspects of improvements by special assessment and property tax assessment and abatements, to include a determination of the true and full value of subsidized housing for property tax assessments, and the homestead tax valuation for senior citizens. Directs the Legislative Council to report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly in 2003.

HB 1222 Effective Jan. 1, 2001

Creates a new section to ch. 57-02. Provides that a centrally assessed wind turbine electric generation unit with a nameplate generation capacity of 100 kilowatts or more, on which construction is completed before January 1, 2011, must be valued at 3 percent of assessed value to determine taxable valuation of the property. Removes obsolete language from § 57-02-27.

HB 1332 Effective Aug. 1, 2001

Creates a new section to ch. 11-10. Provides that a county officer or employee will not refund a fee or tax unless the amount of the refund is \$5.00 or more.

HB 1344 Effective July 1, 2004

Only Section 13 affects property tax. Amends § 57-15-27 to remove school districts from the list of municipalities allowed to include an interim fund in the budget. The other sections of the bill affect school districts but not property tax.

HB 1353 Effective Aug. 1, 2001

Creates a new section to ch.44-01. Provides that the appointment of any civil officer may be rescinded by the appointing authority if the appointed civil officer fails to file an oath of office at the place required by § 44-05-04. Defines the term civil officer to include every elected official; any individual appointed by the governor; appointed member of any state authority, board, bureau, commission, and council; and the appointed head of any state agency and agency division. Except for an individual appointed to fill a vacancy in the legislative assembly, the term does not include any individual receiving a legislative appointment. For purposes of chapters 44-01 and 44-05, the terms civil officer and public officer are synonymous.

Repeals the \$5 fee charged by the secretary of state for a document signed by the governor, except a commission, and attested by the secretary of state. Provides that an individual required to file an oath of office with the secretary of state may not be charged for filing the oath of office. Provides that a state or county officer may not be charged for filing any document with the secretary of state when acting in the officer's official capacity.

HB 1405 Effective Jan. 1, 2001

Amends §§ 57-15-06.7(23), 57-15-20.2(7), 57-15-26.5, and 57-15-51. Increases the amount that a county, city, township, or rural ambulance service district may levy for ambulance services to 10 mills.

HB 1479 Effective Aug. 1, 2002

Creates ch. 57-34.1. Provides that mobile telecommunications services that are provided in a taxing jurisdiction to a customer and are billed by the customer's home service provider, are deemed to be provided by the customer's home service provider. Mobile telecommunications services deemed to be provided by the customer's home service provider are authorized to be subjected to tax, charge, or fee by the taxing jurisdictions whose territorial limits encompass the customer's place of primary use, regardless of where the mobile telecommunications services originate, terminate, or pass through. No other taxing jurisdiction may impose taxes, charges, or fees on charges for the mobile telecommunications services.

This chapter does not apply to determination of situs of prepaid telephone calling services. It does not apply to the determination of taxing situs of air-ground radio-telephone service.

Sets out responsibilities of a home service provider to ensure each street address is assigned to the correct taxing jurisdiction. Provides procedures and remedies for customers to correct taxes and fees.

**SB 2033 Effective Jan. 1, 2001
(section 5); July 1, 2001 (section 10)**

Section 5: Amends § 40-63-05. Provides that a municipality may grant a partial or complete exemption from ad valorem taxation on single-family residential property, exclusive of land, if the property was rehabilitated by an individual for the individual's primary place of residence as a renaissance zone project. Provides that a municipality may grant a partial or complete exemption on buildings, structures, fixtures, and improvements rehabilitated as a zone project for any business or investment purpose.

Section 10: Creates a new section to ch. 40-63. Provides that a taxpayer may not be delinquent in payment of any state and local tax liability to be eligible for a tax benefit under this chapter.

Includes several other provisions that are unrelated to property tax.

**SB 2059 Effective Jan. 1, 2000
(sections 2 & 5); Jan. 1, 2001 (other)**

Section 2: Creates a new section to ch. 57-20. Reinstates provision that real estate taxes on leasehold or other possessory interests, or on property held under an easement or a lease for a term of years and any oil- and gas-related improvements on the property, constitute a personal charge against the holder of the lease, easement, or other possessory interest. All provisions of law with respect to enforcement of collection of personal property taxes apply.

Section 5: Creates § 57-28-09.1. Provides requirements for the form of a tax deed.

Other: Amends §§ 23-35-07, 57-23-05, 57-28-07, and 57-45-11. Provides that the amount budgeted by a health district must be prorated according to the taxable valuation of the respective counties in the health district. Provides that a county

auditor shall present a copy of an application for abatement or refund to the city auditor or township clerk within five business days of the filing date. Corrects a reference to the notice of the expiration of the period of redemption to notice of foreclosure of tax lien. Removes references to tax sale and tax certificate and other obsolete language.

SB 2062 Effective Jan. 1, 2000

Amends § 57-20-26. Reinstates provision that to avoid foreclosure of a tax lien, delinquent taxes and special assessments with penalty and simple interest at the rate of 12 percent per year, and costs established under § 57-28-04(5), must be paid by October 1 of the fourth year following the year in which taxes became delinquent.

SB 2067 Effective Aug. 1, 2001

Amends ch. 57-40.6. Provides for a fee for an emergency services communications system (E911) to be charged on wireless service as well as telephone exchange access service. Changes the charge from an "excise tax" to a "fee." Provides that a fee imposed before August 1, 2001, may be extended to wireless service only if the extension has been approved by a majority vote of the governing body of the city or county, or by majority vote of the electors at a regular or special city or county election. Includes provisions for holding and disbursement of revenues from the fee. Provides that the governing body of a city or county which adopted a fee on telephone exchange access service and wireless service shall make an annual report to the state radio division and the public safety answering points coordinating committee. That committee is

composed of three members, one appointed by the North Dakota 911 association, one appointed by the North Dakota association of counties, and one appointed by the office of management and budget to represent the state radio division. The public safety answering points coordinating committee shall file a report with the legislative council by November 1 of each even-numbered year.

SB 2068 Effective Jan. 1, 2001

Amends § 57-02-27.2(6). Defines inundated agricultural land as agricultural property containing a minimum of ten contiguous acres if the value of the inundated land exceeds 10 percent of the average agricultural value of noncropland for the county. Further provides the land must have been unsuitable for growing crops or grazing farm animals for two consecutive growing seasons or more, and produced revenue from any source in the most recent prior year which is less than the county average revenue per acre for noncropland. Provides application must be made in writing to the township assessor or county director of tax equalization by March 31 of each year, except for the year 2001, written application must be made by June 14, 2001 (within 90 days from March 16, 2001).

SB 2185 Effective Jan. 1, 2001

Amends § 10-06.1-10. Requires a nonprofit organization to make payments in lieu of property taxes on property it acquires for conserving natural areas and habitats for biota, calculated in the same manner as if the property was subject to full assessment and levy of property taxes.

SB 2222 Effective July 1, 2001

Amends § 61-24.5-10 to allow the southwest water authority to levy one mill through taxable year 2010.

SB 2286 Effective Jan. 1, 2001

Amends § 57-28-09. Provides that after the date of foreclosure for property with an unsatisfied tax lien, the county auditor shall issue a tax deed to a political subdivision, if the property was sold by that political subdivision within the ten years preceding the foreclosure.

Creates a new section to ch. 57-28. Provides that if property sold by the county is sold for less than the total amount of taxes due plus costs to improve salability of the property which the county incurred because of damage, neglect, or waste by the prior owner, the costs that were not recovered by the county from the sale constitute a lien on any real property owned, or later acquired, in the county by that prior owner. The county treasurer may not issue any receipt in full for real estate taxes without making a collection at the same time of that obligation. A taxpayer holding a specific superior lien on those properties ahead of a lien under this section is entitled to tax receipts without regard to nonpayment of obligations under this section.

SB 2298 Effective July 1, 2001

Amends § 11-11-55.1. Provides that the board of county commissioners may install improvements, provide for financing of the improvements, and levy special assessments for the payment of all or part of the improvements by resolution, as well as upon petition of 60 percent of the landowners.

SB 2299 Effective July 1, 2001; Jan. 1, 2002 (section 7)

Amends § 49-60-02. Allows a public utility to recover costs from coal severance and conversion taxes in base rates and automatic adjustment clauses.

Repeals the sales and use taxes on coal.

Section 7: Amends section 57-60-01(3)(b). Defines a coal conversion facility as an electrical generating plant which has at least one single unit with a capacity of 10,000 kilowatts or more (effective January 1, 2002).

Amends § 57-60-01(7). Provides for a cap on gasification plant gross receipts that are subject to coal conversion tax for 2001 through 2009. Amends § 57-60-02 as follows: Changes the tax on gross receipts from 2.5 to 4.1 percent. Changes the tax rate on installed capacity of an electrical generating plant from .25 of a mill to .65 of a mill. Exempts newly constructed electrical generating plants from 85 percent of that tax for five years. Provides that a county may exempt a plant from all or part of the remaining 15 percent. Changes the tax rate on synthetic natural gas from \$.07 to \$.135 per 1,000 cubic feet. Exempts newly constructed coal conversion facilities, other than electrical generating plants, from 85 percent of the tax for five years. Provides that a county may exempt a plant from all or part of the remaining 15 percent.

Amends § 57-60-14 as follows: Provides that coal conversion tax revenue shall be distributed 15 percent to the county and 85 percent to the state general fund, except that revenue received from the tax imposed by § 57-60-02(3) and, through December 31, 2009, the first \$41,666.67 received each month from the tax imposed by § 57-60-02(1) and (4) must be

deposited in the state general fund. Provides that the allocation to a county may not be less in each calendar year than the amount certified to the state treasurer for each county in the immediately preceding calendar year. Exception: through December 31, 2009, the portion of revenue allocation attributable to a coal gasification plant must exclude calendar year 2001 and be based on calendar year 2000 or the appropriate year after 2001, whichever is greater.

Provides that a county that has received less than the guaranteed amount in a calendar year shall apply for the balance to the state treasurer by January 10 of the following year. The state treasurer shall make the required payment by March 1. Provides that a county in which a coal conversion facility that was not a coal conversion facility before January 1, 2002, is located must receive for calendar year 2002 at least as much as that county and its taxing districts received in property taxes from that facility for taxable year 2001. For 2002 and succeeding years, amounts received for any calendar year must be allocated by the county in the same manner property taxes for the facility were allocated for taxable year 2001.

Amends § 57-61-01. Reduces the coal severance tax from 75 cents to 37.5 cents per ton. Amends § 57-61-01.7. Provides that coal shipped out of state is subject to taxes imposed by § 57-61-01.5 and 30 percent of the taxes imposed under § 57-61-01, which 30 percent is allocated to the coal development trust fund. A county may grant a full or partial exemption from the remaining 70 percent. Amends § 57-62-02 and allocates the 37.5-cent coal severance tax 30 percent to the trust fund and 70 percent to the counties.

SB 2328 Effective July 1, 2001

Section 1: Amends § 57-15-20.2 to provide that a township may levy a tax for special assessment districts in addition to the 18-mill tax levy limitation specified in § 57-15-20.

Section 2: Creates a new section to ch. 57-15. Provides that if a mistake occurred in the 2000 tax year that resulted in 10 percent or more of the amount a taxing district intended to be levied not being levied, and the mistake was brought to the attention of the county auditor or county treasurer of any county with land in the taxing district by February 1, 2001, the taxing district may include half of the amount which was mistakenly not levied in the budget and general fund levy for the 2001 tax year, and the other half in the budget and general fund for the 2002 tax year. Provides that if the resulting general fund levy for

2001 or 2002 is above 185 mills, the taxing district need not comply with ch. 57-16. After 2002, the general fund levy must revert to the general fund levy for 1999 plus any increase authorized by law. The 2001 and 2002 taxable years may not be used as a “base year” under § 57-15-01.1 and may not be considered a “prior school year” under § 57-15-14. Effective through the 2005 tax year.

Section 3: Creates a new section to ch. 58-01. Defines “freeholder,” as used in title 58, as the legal title owner of the surface estate in real property.

Section 4: Creates a new subsection to § 58-03-07. Gives township electors power to establish special assessment districts.

Section 5: Creates a new chapter to title 58. Sets out the requirements for a township to create special assessment districts and levy and collect assessments.

SB 2334 Effective Jan. 1, 2001

Amends §§ 57-15-19.6 and 57-15-20.2(5). Provides that a township may levy a tax for mowing or snow removal not exceeding 3 mills. Removes the provision that formerly limited the levy to the purpose of buying and operating mowing or snow removal equipment.

HCR 3047 Effective Aug. 1, 2001

Directs the Legislative Council to study the property tax assessment and valuation of agricultural property, and report its findings and recommendations, together with any legislation required to implement the recommendations, to the Fifty-eighth Legislative Assembly in 2003.

Need Assistance?

Please direct property tax questions or concerns to:

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